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October 31, 1936

*M. Stedman*

A REVIEW OF BUSINESS CONDITIONS  
Confidential

Agricultural-Industrial Relations Section  
A.A.A.



Washington

October 31, 1936

Industrial Production, 1929-1936  
(Seasonally Adjusted, 1923-5=100)

A REVIEW OF BUSINESS CONDITIONS

Quarter	1929	1930	1931	1932	1933	1934	1935	1936
1st.	118	105	82	81	82	81	89	95
2nd.	123	101	86	81	78	85	88	103

Income of the non-farm population advanced further in September to a point only 15 percent under the 1924-9 average. September was the seventh consecutive monthly advance in non-farm national income. During this seven month period, (February to September), such income rose 7.4 percent after adjustment for seasonal. Maintenance of the September rate of income during the final quarter would result in \$55.1 billion in non-farm national income for the entire year--a gain of 9.8 percent over the \$50.2 billion for 1935.

From the low month in April 1933 to September 1936, non-farm income advanced by approximately \$1,500,000,000, from \$3,266 to \$4,725 million--a gain of 45 percent. Of this increase, 72 percent--over one billion dollars per month--is due to higher labor income. Since retail expenditures for meats and dairy products appear to be determined largely by non-farm labor income, continued gains in such income suggest maintenance of the farmers' improved income position.

The September adjusted production index of 109 is less than 18 percent below the all time Farm Income (June 1929) of 125. However,

Farm income from sales advanced moderately in September following the August slump. After seasonal correction, September income from sales was \$106,000,000 above the corresponding month of 1935. Benefits received by farmers in September 1936 totaled only 6 million dollars against 57 million in September last year. Thus, the year-to-year gain in total income was but little more than half as great as the gain from sales alone.

Checks for compliance with the "Soil Conservation and Domestic Allotment Act" have now started to flow out to farmers, but it will probably be December before such payments add any substantial percentage to income from sales. However, the addition of 10 to 15 percent for December and the first quarter of 1937 would be in line with present expectations.

(Index) Points Lost Points Recovered  
Industrial Production

Industrial production advanced to a new recovery peak in September at 109 percent of the 1923-5 average. This brought the third quarter average to 108, the highest for any quarter since 1929.

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## A REVIEW OF BUSINESS CONDITIONS

### Non-Farm Income

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From the low month in April 1935 to September 1936, non-farm income advanced by approximately \$1,500,000,000, from \$3,266 to \$4,725 million--a gain of 45 percent. Of this increase, 75 percent--over one billion dollars per month--is due to higher labor income. Since retail expenditures for meats and dairy products appear to be determined largely by non-farm labor income, continued gains in such income suggest maintenance of the farmers' improved income position.

### Farm Income

Farm income from sales advanced moderately in September following the August slump. After seasonal correction, September income from sales was \$108,000,000 above the corresponding month of 1935. Benefits received by farmers in September 1936 totaled only 6 million dollars against 57 million in September last year. Thus, the year-to-year gain in total income was but little more than half as great as the gain from sales alone.

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### Industrial Production

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**Industrial Production, 1929-1936**  
(Seasonally Adjusted, 1923-5=100)

The immediate outlook for production is not so clear as was  
Quarter: The 1929 1930 1931 1932 1933 1934 1935 1936

1st. quarter	118	105	85	69	62 1/2	81	89	95
2nd. quarter	123 1/2	101	86	61	78	85	86	102
3rd. quarter	122	91	79	61 1/2	92	73	88	108
4th. quarter	110	86	73	66	74	78	97	
Average	119	96	81	64	76	79	90	

- 1/ Record high, 125 in June 1929.
- 2/ Low of 58 reached in July 1932 almost duplicated in March 1933 when the index dropped to 59. Most indexes of business went somewhat lower in 1933 than in 1932.

Should the third quarter rate be maintained during the remainder of the year, the annual index for 1936 will reach 103. This represents a percentage gain of 14 percent, about the same as for 1935, and, if realized, will bring annual production to within 14 percent of 1929.

Per Capita Production Has Recovered 80 Percent

The September adjusted production index of 109 is less than 13 percent below the all time peak month (June 1929) of 125. However, population of continental United States increased from 121,526,429 to 128,429,000 between June 30, 1929 and June 30, 1936--a gain of 5.7 percent. Allowing for a further increase of 225,000 by September 30th, and adjusting production for population growth, September 1936 production is found to be 82.3 percent of the June 1929 peak or 17.7 percent below. Similar computations show a recovery of 80.3 percent in per capita production between March 1933 and September 1936.

Recovery in per capita production from the depression low point has cancelled 68 percent of the extreme drop as measured by Federal Reserve Board monthly production indexes. The basis for this statement, with per capita production in June 1929 as 100, follows:

<u>Per Capita Production</u>		
(Index)	Points Lost	Points Recovered

June 1929	100.0	
July 1932	45.1	54.9
March 1933	45.7	
September 1936	82.3	37.2

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(Seasonally Adjusted, 1923=100)

Quarter:	1929	1930	1931	1932	1933	1934	1935	1936
1st.	118	105	85	69	62 1/2	81	89	95
2nd.	123 1/2	101	86	61	78	85	86	102
3rd.	122	91	79	61 1/2	92	73	88	103
4th.	110	86	73	66	74	76	87	—
Average	119	96	81	64	76	79	90	—

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### Trend Upward But Immediate Situation Mixed

The immediate outlook for production is not so clear as was true at the start of the year when the following statement was used to summarize this business review (See issue of January 31, 1936): "Industrial production will probably not again reach the December 1935 level during the first half of 1936. The current decline may carry the index down a total of 10 points by April or May. A renewed advance will probably start during the second quarter, become pronounced around mid-year and may result in an average index for the third quarter as high as the December 1935 peak month of 103". The December index was later revised to 104.

Here is a record of what actually happened, according to published Federal Reserve Board indexes, as compared with this January forecast. Since further improvement is largely dependent on the heavy industries and construction, particular attention to these key groups is needed.

Forecast	Actual (F.R.B. Indexes)
Production not to reach December 1935 rate during first half.	Reached 103 in June against 104 1935 rate during first half.
Production to decline 10 points by April or May.	Declined 11 points from December 1935 to March 1936.

Renewed advance to start in second quarter.	1936 Advance renewed in April by large gain following extensive flood damage.
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Advance to become pronounced around mid-year.	3,400	4 of 9 points of advance from April to September came between June and July.
Manufacturers	3,241	
Construction	3,718	
Agriculture	3,987	
Third quarter to average as high as December 1935 peak.	1,750	Average 108 as compared with 104 in December 1935.
Manufacturers	1,835	
Construction	1,628	
Agriculture	1,404	

No such definite forecast for the next nine months can now be made with any assurance of approximate accuracy. Apparently, if any further gain was recorded in October it was small. This means 4 months of virtually no movement with production hovering around the peak of recovery to date.

Tending toward stimulation for the months immediately ahead is the renewed advance in automobile production. According to most commentators, output of new models will soon again lift production well above the preceding year. If this is true, auto accessory industries will be stimulated and steel, which has failed to extend its 1937 gain of 20 percent, as will be coal, oil and transportation.

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advance for several weeks, will be helped. On the other side of the picture is a high rate of output of non-durable goods; so high, in fact, that further near-term improvement is questionable. These and other factors, including election uncertainties, make definite prediction of immediate trends hazardous.

However, the year 1937 as a whole promises to be better than 1936. A gain of 5 to 10 percent would carry production to 108-113 percent of the 1923-5 average; about the same as the 111 in 1928, somewhat above the 1924-9 average of 107, but well below the all time peak of 119 in 1929.

The 1937 Outlook for Key Industries

Automobiles and steel have been leading recovery in the heavy industries. Since further improvement is largely dependent on the heavy industries and construction, particular attention to these key groups is necessary to appraisal of the general outlook. We have pointed to the continued advance in national income which, in itself, is suggestive of continued general recovery, but a more definite picture for individual industries may be obtained through detailed estimates. Such estimates relative to the 1937 steel outlook follow:

Estimated Demand for Steel\*

	1929	1935	1936	1937
	Production	Production	(Est.)	Forecast
	--(Thousand Gross Tons)--			
				(Mil. tons)
1932	1,404,000			
Autos	9,776	8,400	9,700	10-11
Building	8,961	3,965	5,600	7-8
Containers	2,716	3,930	5,100	6-7
Agriculture	2,987	3,150	4,100	4-5
Railways	9,233	1,750	3,000	4-5
Oil, gas, mining	5,703	1,935	2,200	2.5
Machinery	1,629	1,404	2,100	2.5
Shipbuilding	-----	301	600	0.6
Misol. Domestic	10,320	7,441	12,400	15-16
Exports	2,987	1,150	1,200	1.4
Total	54,312	33,426	46,000	53-59

\* Obtained by applying the annual percentage of all finished steel used by the various industries to annual INGOT production.

These estimates suggest a 1937 gain in steel production of around 10 million tons (mid-point of estimated range) or about 20 percent. This compares with an expected 38 percent gain this year. A 1937 gain of 20 percent, as will be seen, can be accomplished with

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However, the year 1937 as a whole promises to be better than 1936. A gain of 5 to 10 percent would carry production to 108-112 percent of the 1935-6 average; about the same as the 111 in 1935, somewhat above the 1934-5 average of 107, but well below the all time peak of 119 in 1932.

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#### Estimated Demand for Steel\*

	1937 Forecast (Mil. tons)	1936 (Est.) ---(Thousand Gross Tons)---	1935	1934
Total	53-55	46,000	33,426	54,312
Exports	1.4	1,800	1,150	2,987
Mach. Domestic	15-16	12,400	7,441	10,380
Shipbuilding	0.6	600	301	---
Machinery	2.5	2,100	1,404	1,829
Oil, gas, mining	2.5	2,200	1,935	2,703
Railways	4-5	3,000	1,750	2,233
Agriculture	4-5	4,100	2,150	2,987
Containers	6-7	5,100	2,230	2,716
Building	7-8	5,800	3,966	5,981
Autos	10-11	9,700	8,400	9,776

\* Obtained by applying the annual percentage of all finished steel used by the various industries to annual INGT production.

These estimates suggest a 1937 gain in steel production of around 10 million tons (mid-point of estimated range) or about 20 percent. This compares with an expected 38 percent gain this year. A 1937 gain of 20 percent, as will be seen, can be accomplished with

little or no increase in auto production if other lines improve as anticipated. The 1936 estimated gain would be 34 percent without any increase from the auto industry. Owing to the trend toward all steel bodies, the amount of steel per automobile is increasing so that steel takings can be expected to increase relative to production.

### Railroads Auto Outlook Not Clear

Uncertainties about 1937 automobile production arise from the unusual factors which affected this year's output. Large trade-in allowances for second-hand cars, following abandonment of the N.R.A., financing terms and the bonus worked in the direction of auto sales stimuli during 1936. Without these inducements, sales would probably have fallen considerably short of actual results. While trade-in allowances will remain high (may be further increased), it is doubtful that financing terms will become more attractive, and no bonus will be available in 1937.

The following table shows automobile and truck production for the United States and Canada for the past five years and compares the percentage increases in sales with changes in national income.

1932-35, net profits or losses of all  
income of Class I roads. On this basis, net profit

(Years ending September 30th)

	Auto Production	Auto Production	Retail Value <sup>1</sup> of Auto Prod.	Nat'l. Income
1932	1,484,000	----	----	----
1933	1,924,000	30	14	13 2/
1934	2,778,000	44	43	12
1935	3,443,000	24	23	6
1936	4,569,000	32	35	11

Percentage Gain in:

1/ Prices have varied but little since 1933 so that changes in volume and in estimated retail value have been about the same for the last three years.

2/ Loss.

Obviously, increased automobile production in the year ending September 30, 1933, was based largely on better prospects for consumer earnings which developed during that year as national income paid out declined 12 percent. Similarly, gains since 1933 have far outstripped improvement in National income which improved from 6 to 12 percent per year during this period.

In view of the comparatively long period in which sales of autos have consistently run ahead of increased income of the nation, and

little or no increase in auto production if other lines improve as anticipated. The 1935 estimated gain would be 25 percent without any increase from the auto industry. Owing to the trend toward all steel bodies, the amount of steel per automobile is increasing so that steel fabric can be expected to increase relative to production.

### Auto Production for 1935

Uncertainties about 1935 automobile production arise from the unusual factors which affected this year's output. Large trade-in allowances for second-hand cars, following a recommendation of the N.R.A., financing terms and the bonus worked in the direction of auto sales actually during 1933. Without these inducements, sales would probably have fallen considerably short of actual results. While trade-in allowances will remain high (may be further increased), it is doubtful that financing terms will become more attractive, and no bonus will be available in 1937.

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		Auto Production	Auto Production	Ratio of Auto Prod. to National Income	Ratio of Auto Prod. to National Income
1933	1,484,000	30	14	13.2	13.2
1934	1,924,000	44	43	13	13
1935	2,778,000	34	33	9	9
1936	3,443,000	32	26	11	11
1937	4,552,000				

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Obviously, increased automobile production in the year ending September 30, 1935, was based largely on better prospects for consumer earnings which developed during that year as national income paid out declined 12 percent. Similarly, since 1933 have far outstripped improvement in national income which improved from 5 to 12 percent per year during this period.

In view of the comparatively long period in which sales of autos have consistently run ahead of increased income of the nation, and

considering the non-recurrent stimuli to 1936 sales, previously mentioned, trade predictions of a gain for 1937 equal to the expected increase of around 10 percent in national income, appear optimistic. In short, the automobile industry is not expected to greatly affect the general industrial trend in 1937.

### Railroads and Building to Take More Steel

corresponding months of 1935, according to F. W. Dodge reports.

Expenditures by Class I railroads for new equipment and roadway and for maintenance of both equipment and roadway declined from \$2,912,000,000 in 1929 (the 1924-8 average was \$2,892 million) to \$1,024,000,000 in 1933, and by 1935 had recovered only to \$1,259,000,000.

Railway traffic is increasing substantially and railroads, as a system, are again operating profitably. Net profits totaled only \$11 million in 1935, following losses aggregating \$197 million during the preceding three years. But net railway operating income of Class I roads increased \$101 million in the first 8 months of 1936--a gain of 38 percent. Should this percentage increase be maintained for the entire year, net railway operating income would reach \$691,000,000 against an even half billion last year. For each of the 4 years, 1932-35, net profits or losses of all roads (duplications eliminated) were from \$483 to \$490 million less than the net railway operating income of Class I roads. On this basis, net profits for 1936 may be around \$200,000,000--the only respectable profits since 1930, but still 73 percent under the 1926-30 average of \$738 million.

WHILE IN SOME CASES DEFERRING AS A FACTOR

A sizeable increase in expenditures for maintenance and for new equipment has appeared in 1936. Rail orders and orders for rolling stock were up about 80 and 400 percent respectively during the first three quarters of 1936, as compared with the corresponding period of 1935. Latest reports show double the percentage of unserviceable freight cars and locomotives that prevailed prior to 1931. Therefore, the need of further increases in purchases is obvious. An expected gain of 30 to 60 percent in steel takings by railroads for 1937 is one of the factors of strength in the steel industry.

### Construction

Building and construction is relatively low when compared with pre-depression. But year-to-year gains in contract awards and in employment in production of building materials are among the largest for the various measures of domestic demand. Continued increases in the ratio of residential rents to building costs (see attached chart) and apparent shortages of single family dwellings make probable continued large gains in residential building.

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1932-35, net profits or losses of all roads (including non-Class I  
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still 78 percent under the 1925-30 average of \$738 million.

A sizable increase in expenditures for maintenance and for  
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the ratio of residential rents to building costs (see attached chart)  
and a recent shortage of single family dwellings have produced  
continued large gains in residential building.

In view of the construction boom which is being built up in the  
steel industry and the fact that the steel industry is expected to

The outlook for some of the other types of building and construction (which use more steel) is not so favorable. This is especially true of commercial building where adequate space is, on the whole, more than adequate. On the other hand, utility construction has given definite signs of revival in line with new high records of demand for electricity. Contracts awarded for utility construction during the first nine months of 1936 gained 116 percent, as compared with the corresponding months of 1935, according to F. W. Dodge reports. There is every reason to believe that gains in utility construction will continue. To allow generating facilities to lag behind demand would not be prudent. Utility companies were the largest registrants under the Securities Act during the September quarter, accounting for 32 percent of total filings of \$1,104,411,000, indicating that they are again entering the capital markets.

Construction and building contracts awarded for the first 9½ months of 1936 suggest a total of 2 3/4 billion dollars for the year--an annual gain of approximately 900 million dollars or 50 percent. The 1933 total was only 1½ billion dollars. The pre-depression average (1925-9), of 6½ billion dollars, is still a long way off. However, a 1937 gain of around a billion dollars would find the total at 60 percent of pre-depression as compared with 20 percent in 1933.

#### Financial Jam Begins to Break

Those who, for several years, have watched for signs of a real upturn in commercial borrowings as a harbinger of reviving business have at last been rewarded (see attached chart). Commercial loans by reporting member banks in 101 cities have expanded persistently since the week of February 26. Such loans then totaled \$3,281 million, and by the week of October 21st had increased to \$4,044 million--a gain of \$763,000,000. During the corresponding period of 1935 such loans advanced only \$73,000,000 and, according to somewhat less reliable data, the 1934 gain was even smaller.

This evidence that banks are again furnishing credit to business has favorable implications for the future. Excess bank reserves now exceed 2 billion dollars--a new high since the 50 percent increase in requirements. Similarly, our stock of gold continues to climb, having now passed the 11 billion dollar mark.

Obviously, an ample base for credit expansion continues to exist; and at last, there are signs that business is beginning to draw on this credit reservoir to meet the financial requirements of expanding industry and trade. Couple this with the increase of 193 percent in new capital issues of corporations during the first 9 months of 1936 as compared with 1935 (\$771 and \$263 million), and there is good reason to believe that the financial jam, which has

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Construction and building contracts awarded for the first 10 months of 1933 amount to a total of \$2,574 million dollars for the year as compared with approximately \$2,000 million dollars in 1932. The total for 1933 was only \$1,104,411,000. The pre-depression average (1928-32) of \$1,104,411,000 is still a long way off. However, a 1933 gain of around a million dollars would limit the total at 30 percent of pre-depression as compared with 30 percent in 1932.

Financial and Banking in Brief

Those who, for several years, have watched for signs of a real upturn in commercial borrowings as a harbinger of reviving business have at last been rewarded (see attached chart). Commercial loans by reporting member banks in 191 cities have expanded considerably since the week of February 24. On a loan basis the total of \$3,241 million, and by the week of October 14 had increased to \$3,944 million—a gain of \$703,000,000. During the corresponding period of 1932 such loans advanced only \$78,000,000, according to a summary last reliable date, the 1934 gain was even smaller.

This evidence that banks are again furnishing credit to business has favorable implications for the future. Excess bank reserves now exceed \$1 billion dollars—a new high since the 30 percent increase in requirements. Similarly, our stock of gold continues to climb, having now passed the \$1 billion dollar mark.

Obviously, as we have seen for over a year, conditions are existing and at least, there are signs that business is beginning to grow on this credit reservoir to meet the financial requirements of expanding industry and trade. Google this with the increase of 1933 percent in new capital issues of corporations during the first 9 months of 1933 as compared with 1932 (\$771 and \$283 million), and there is good reason to believe that the financial gap, which has

sometimes been pointed to as the worst deterrent to economic recovery, is breaking up. Apparently, new capital issues of corporations for 1936 will be equal to the total for the preceding four years. This will still leave them 87 percent below 1929.

Corporate earnings and dividends are being reflected in higher stock prices. Expanding Corporate Profits

Explanation of a resumption of more normal business borrowings is, of course, to be found in restoration of business and banking confidence, incident to persistent expansion in corporate profits. Especially has recent improvement among that laggard group of industries, producers' goods, worked in this direction.

Corporate profits, according to reports of 134 companies, gained 53 percent in the third quarter of 1936 and 51 percent for the first 9 months as compared with 1935. Largest percentage gains were among the heavy industries where profits have, until recently, been meager. For instance, twelve steel companies reported third quarter profits of \$23.4 million against \$2.1 million in 1935. This revival in net corporate profits and the tax on retained earnings are resulting in increased dividends. Presumably, a considerable portion of such funds will be available for reinvestment, thereby tending to further stimulate capital markets.

### Living Costs, Prices, Etc.

Living costs rose slightly in September with food and other costs contributing about equally to the advance. The average increase in food prices during 1936 will amount to about 2.6 percent as compared with 9 and 11 percent respectively in 1935 and 1934. Thus food prices are now moving up more slowly than earnings of employed workers, which rose 4.8 percent in 1936, despite the fact that price adjustments to date still leave food about 6 percent below the 1929 ratio to other living costs.

Farm prices receded from 124% (of pre-war) in August and September to 121% on October 15th. All groups except chickens and eggs contributed to the decline. This recession in farm prices was reflected in a September 19 to October 17 decline of about one-half percent in wholesale prices of farm and food products. Wholesale prices exclusive of farm and food products rose fractionally between September 19th and October 17th.

No report on retail prices for October is available at this writing, but it would appear that if any further increase in living cost occurred in October, the non-food items must have been principally responsible.

statements have pointed to an over-estimated on business recovery. In looking up, however, the actual level of employment for 1933 will be about the same as the level for 1932. This will still leave some 15 percent below 1934.

Restoration of Normal Business Conditions

Restoration of a normal business condition is, of course, the first in restoration of business and banking conditions. It is, however, essential to maintain a normal condition in business and banking. It is especially the normal condition which is the basis of the normal business condition, which is the basis of the normal business condition.

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Living Costs, Prices, Etc.

Living costs rose slightly in September with food and other costs contributing about equally to the advance. The average increase in food prices during 1933 was about 2.5 percent as compared with 6 and 11 percent respectively in 1932 and 1934. Thus food prices are now moving up more slowly than earnings of employed workers, which rose 4.3 percent in 1933, despite the fact that price advances to date still leave food about 6 percent below the 1932 ratio to other living costs.

Food prices reached their 1934 (or previous) in August and September to 1933 on October 1934. All groups except children and eggs contributed to the decline. This recession in food prices was reflected in a September 19 to October 19 decline of about one-half percent in wholesale prices of farm and food products. Wholesale prices exclusive of farm and food products rose fractionally between September 1933 and October 1934. No report on retail prices for October is available at this writing, but it would appear that it, and further increase in living cost occurred in October, the non-food items must have been principally responsible.

Corporate stock prices have pushed into new high ground during the past month. Strength in prices reappeared soon after currency devaluation in France and other European countries. Apparently, foreign holders are not disposing of their American shares so that mounting corporate earnings and dividends are being reflected in higher stock prices.

During the past two weeks many companies have declared extra dividends to escape the tax on retained earnings. For example, Sears Roebuck and Co. declared \$1.75 extra and officials stated that another extra of this size would be forthcoming later in the year if prospects of a new all time high record of sales materialized, and profits continued to meet expectations. This company, which depends largely on farm and rural markets, pays regular dividends of 50¢ per quarter. It is apparent that corporate stockholders are to get a far larger portion of current earnings in the form of dividends than was the case prior to enactment of the retained profits tax. The portion of this additional investor income that goes into consumption goods will be of immediate benefit in increasing the demand for farm and food products, while the portion going into new homes, or other durable goods, will work toward the same end by furnishing additional jobs and income for urban wage earners.

Wholesale Prices, All Commodities		119.2	118.2	117.9	103.4	100.3
Wholesale Prices, Farm Products		117.8	117.6	111.5	79.9	100.3
Wholesale Prices, Food		129.1	128.8	133.4	100.6	100.3
Wholesale Prices, Non-Agricultural		112.2	112.2	112.1	100.6	100.3
Prices Paid by Farmers for Farm Products		122(4)	122(4)	122(4)	122(4)	122(4)
Prices Received by Farmers for Farm Products		122(4)	122(4)	122(4)	122(4)	122(4)
Urban Cost of Living		144.0	143.6	140.3	137.3	137.3
U.S. Unemployment, Trade Unions, (A.F. of L.)		136(5)	136(5)	211(5)	245(5)	136(5)
U.S. Unemployment, Mfg. Industries (I.L.S.)		84.4	84.9	79.9	76.3	104.0
U.S. Exports		\$ 120	\$ 178	\$ 198	\$ 180	\$ 437
U.S. Imports		\$ 216	\$ 192	\$ 262	\$ 147	\$ 361

P - Preliminary

R - Revised

(1) Adjusted for seasonal variation

(2) Four weeks' average

(3) August

(4) July

(5) October

(6) September

Corporate stock prices have crashed into new high ground during the past week. Although in prices measured since the beginning of the year, there is no other European countries. Apparently, foreign holders are not disposing of their American shares so that the corporate earnings and dividends are being reflected in higher stock prices.

During the past two weeks many companies have declared extra dividends to escape the tax on retained earnings. For example, Sears Roebuck and Co. declared \$1.75 extra and officials stated that another \$1.75 of this also would be forthcoming later in the year if prospects of a new all time high record of sales materialized, and profits continued to meet expectations. This company, which declares largely on fair and rural markets, pays regular dividends of 50¢ per share. It is apparent that corporate stockholders are to get a larger portion of current earnings in the form of dividends than in the past. The same is true of the retained earnings tax. The purpose of this additional investor income that goes into corporation profits will be of immediate benefit in increasing the demand for farm and food products, while the portion going into new stock, or other durable goods, will work toward the same end by furnishing additional jobs and income for urban wage earners.

Walter D. Brown, President

Executive Committee of the National Industrial Conference Board

1230 Avenue of the Americas, New York 10, N. Y.

and the Board of Directors of the National Industrial Conference Board

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# BUSINESS INDICATORS

(Dollar figures seasonally corrected)

	Key	September 1936(P)	August 1936(r)	Sept. 1935	Sept. 1933	Sept. 1929
Farm Income (with bene- fits) (1)	a	\$ 666	\$ 643	\$ 618	\$ 498	\$ 876
Urban Income (with Relief) (1)	a	\$4,723	\$4,662	\$4,202	\$3,591	\$6,064
Industrial Activity F.R.B. (1)	b	109	108	91	84	121
Department Store Sales (1)	c	79	78	73	61	102
Rural Retail Sales (1)	c	99	90	84	59	107
Motor Vehicle Output (Units) (U.S. & Canada)	d	140	276	93	198	430
New Passenger Car Regis- trations (Units)	d	209	263	157	158	304
Dollar Sales, New Passen- ger Autos (1)	c	57.6	63.8	54.8	36.1	98.2
Steel Ingot Production (tons)	d	4,161	4,195	2,825	2,283	4,528
Building Contracts (Dodge)	a	\$ 234	\$ 275	\$ 167	\$ 120	\$ 444
Railway Carloadings (2)	d	765	740	657	648	1,136
Electric Power Production (K.W. Hr.) (2)	a	2,114	2,103	1,822	1,635	1,763
Wholesale Prices, All Commodities	f	119.2	119.2	117.9	103.4	140.3
Wholesale Prices, Farm	f	117.8	117.6	111.5	79.9	149.5
Wholesale Prices, Food	f	129.1	128.8	133.4	100.6	160.2
Wholesale Prices, Non-Agric.	f	119.2	119.2	119.1	108.6	138.4
Prices Paid by Farmers	f	127(5)	127(6)	123(5)	116(5)	153(5)
Prices Rec'd. by Farmers	f	121(5)	124(6)	109(5)	78(5)	149(5)
Urban Cost of Living	g	144.0	143.6	140.3	137.3	175.2
U.S. Unemployment, Trade Unions, (A.F. of L)	c	136(5)	136(6)	211(5)	265(5)	89(5)
U.S. Employment, Mfg. Industries (B.L.S.)	c	86.4	84.9	79.9	76.3	104.0
U.S. Exports	a	\$ 220	\$ 178	\$ 198	\$ 160	\$ 437
U.S. Imports	a	\$ 216	\$ 192	\$ 162	\$ 147	\$ 351

P - Preliminary

r - Revised

(1) Adjusted for seasonal variation

(2) Four weeks' average

(3) August

(4) July

(5) October

(6) September

## KEY:

a - in millions

b - 1923-5=100

c - 1929=100

d - in thousands

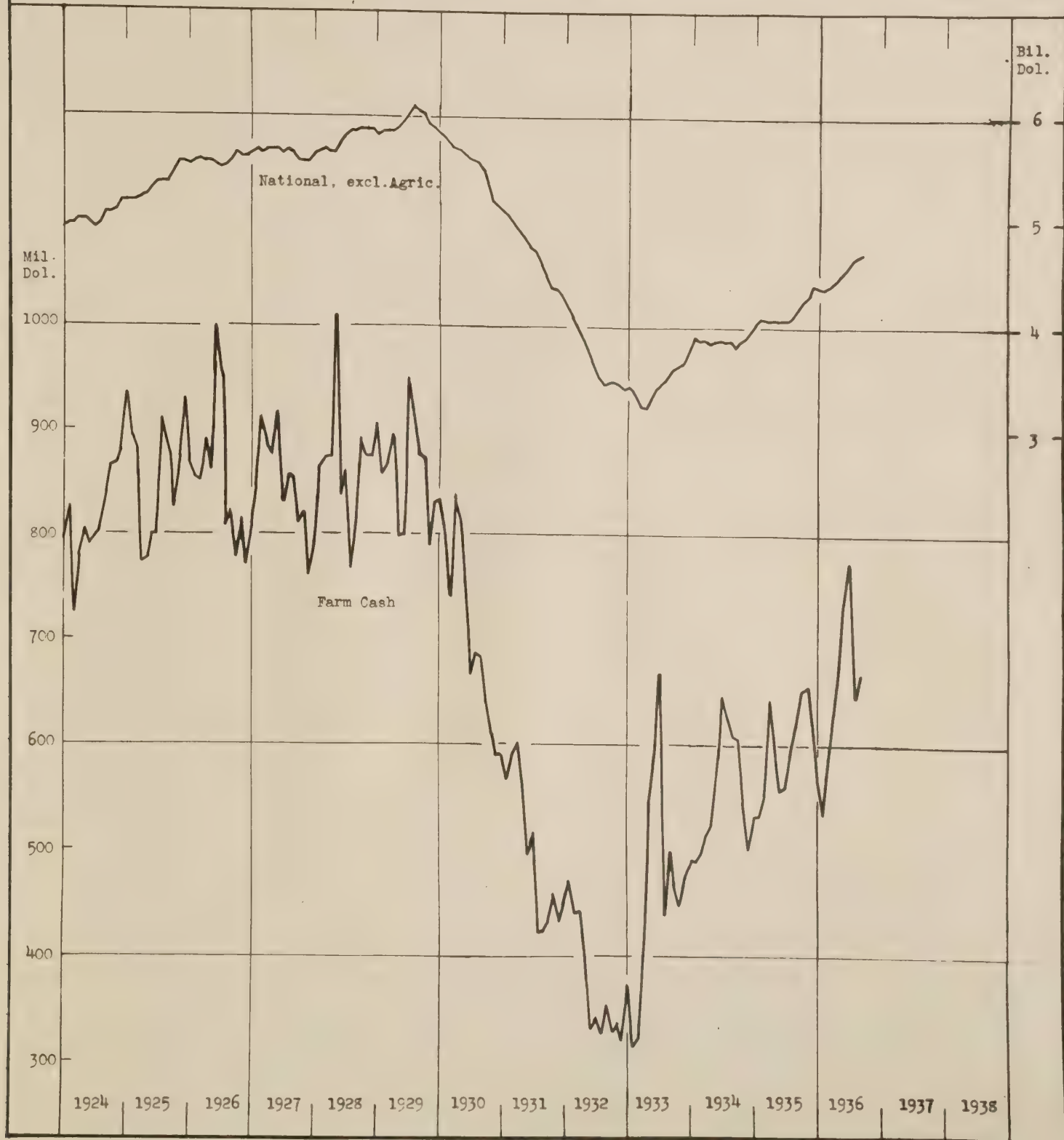
f - 1910-14=100

g - 1913=100

# REVENUE RECEIPTS

Category	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2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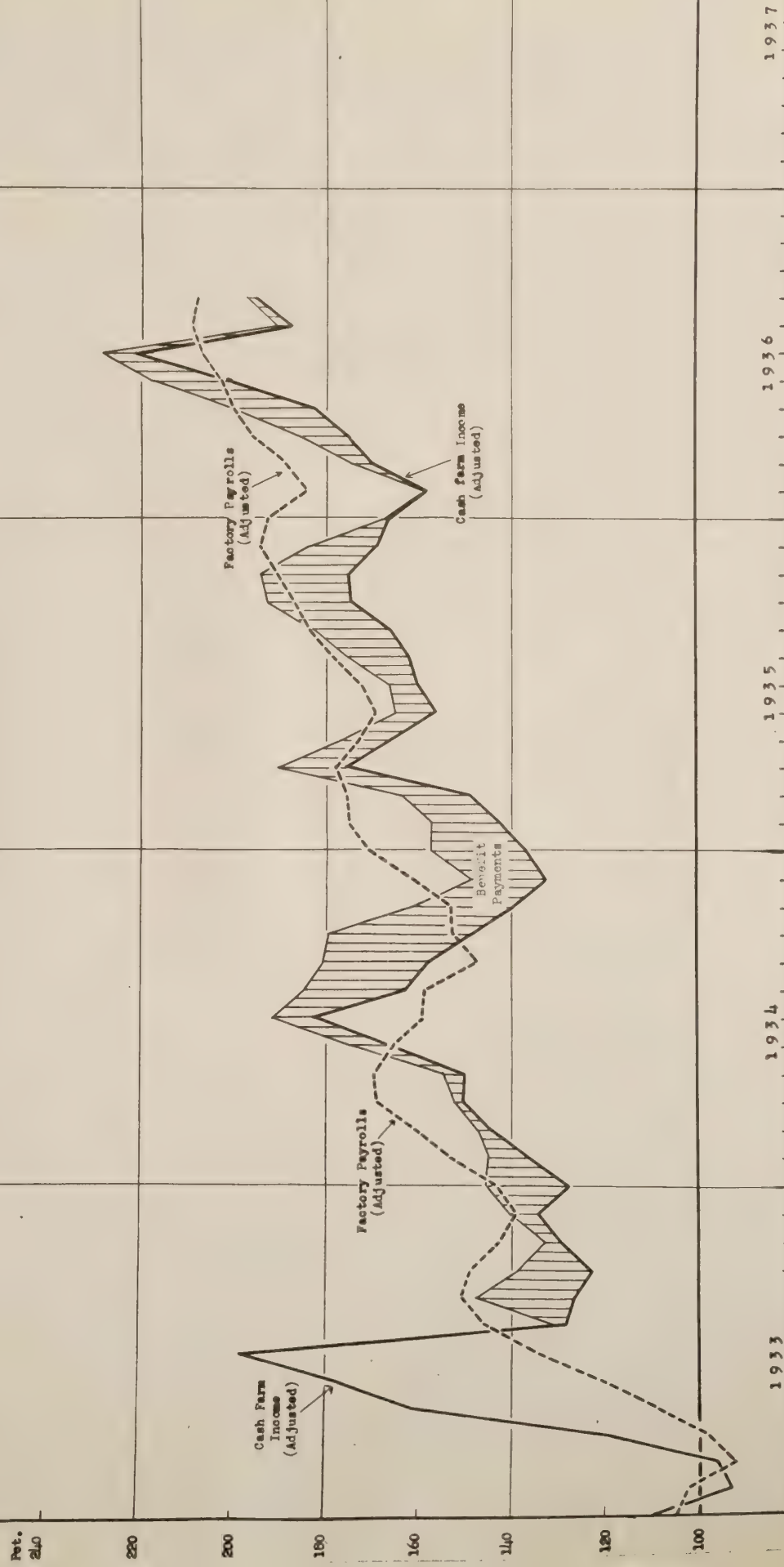
NATIONAL INCOME, EXCLUSIVE OF AGRICULTURAL AND FARM CASH INCOME, 1924 TO DATE  
(Dollar figures seasonally corrected)





# FARM INCOME AND FACTORY PAYROLLS SINCE JANUARY 1933

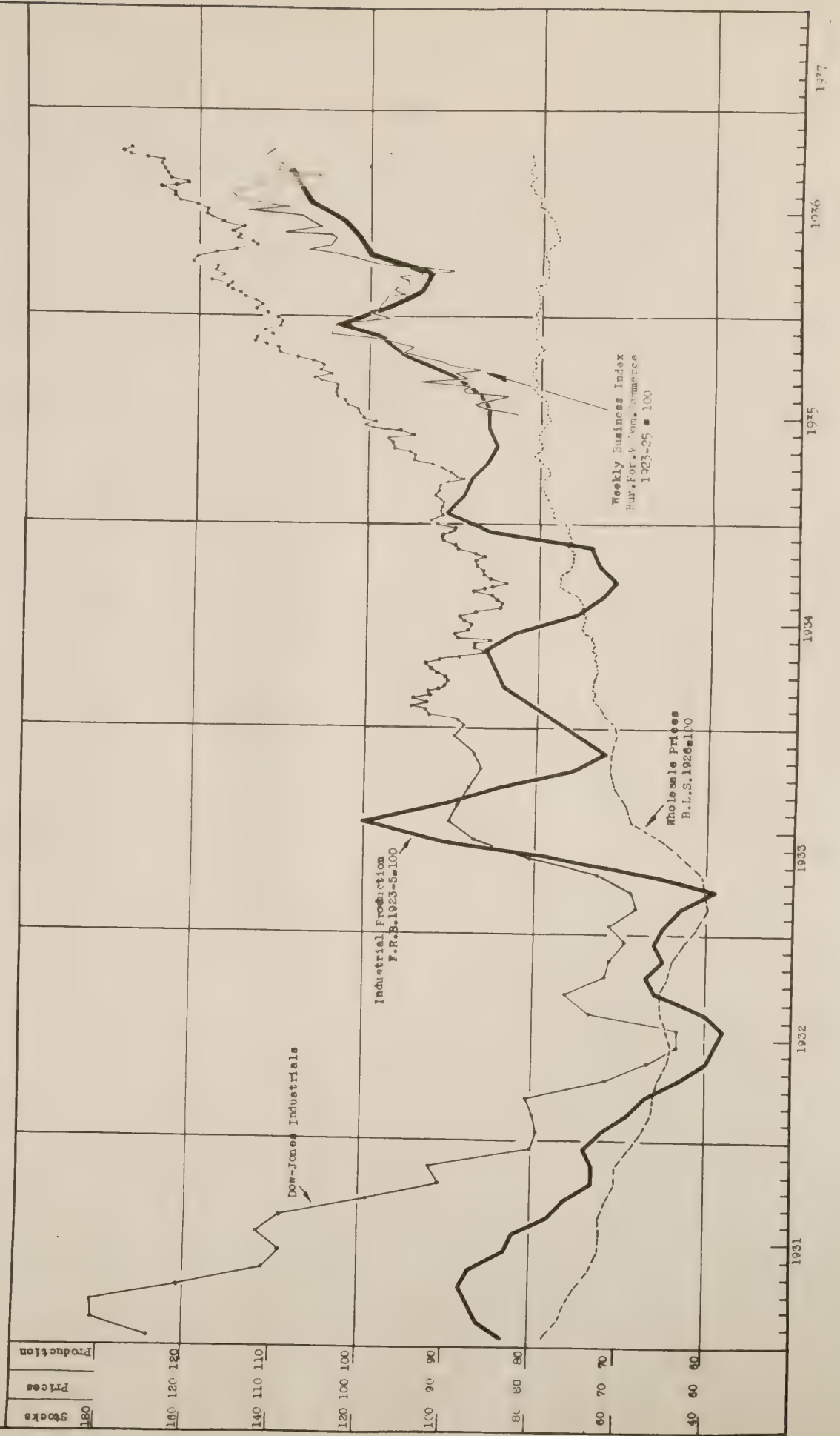
(First Quarter 1933=100)





# PRODUCTION AND PRICES

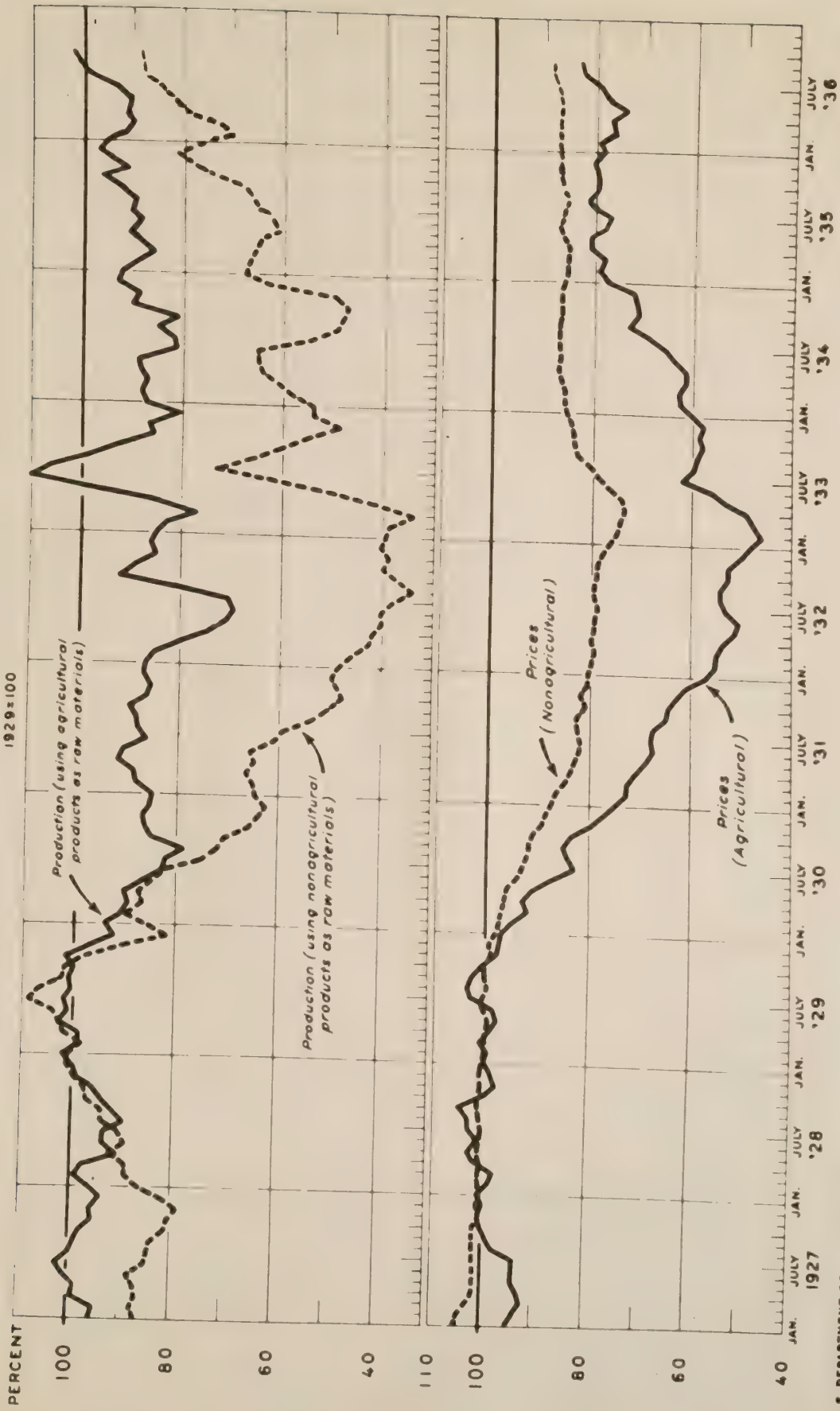
(Industrial Production, Stock and Commodity Prices)





# MANUFACTURING OUTPUT AND WHOLESALE PRICES

1929=100



U. S. DEPARTMENT OF AGRICULTURE

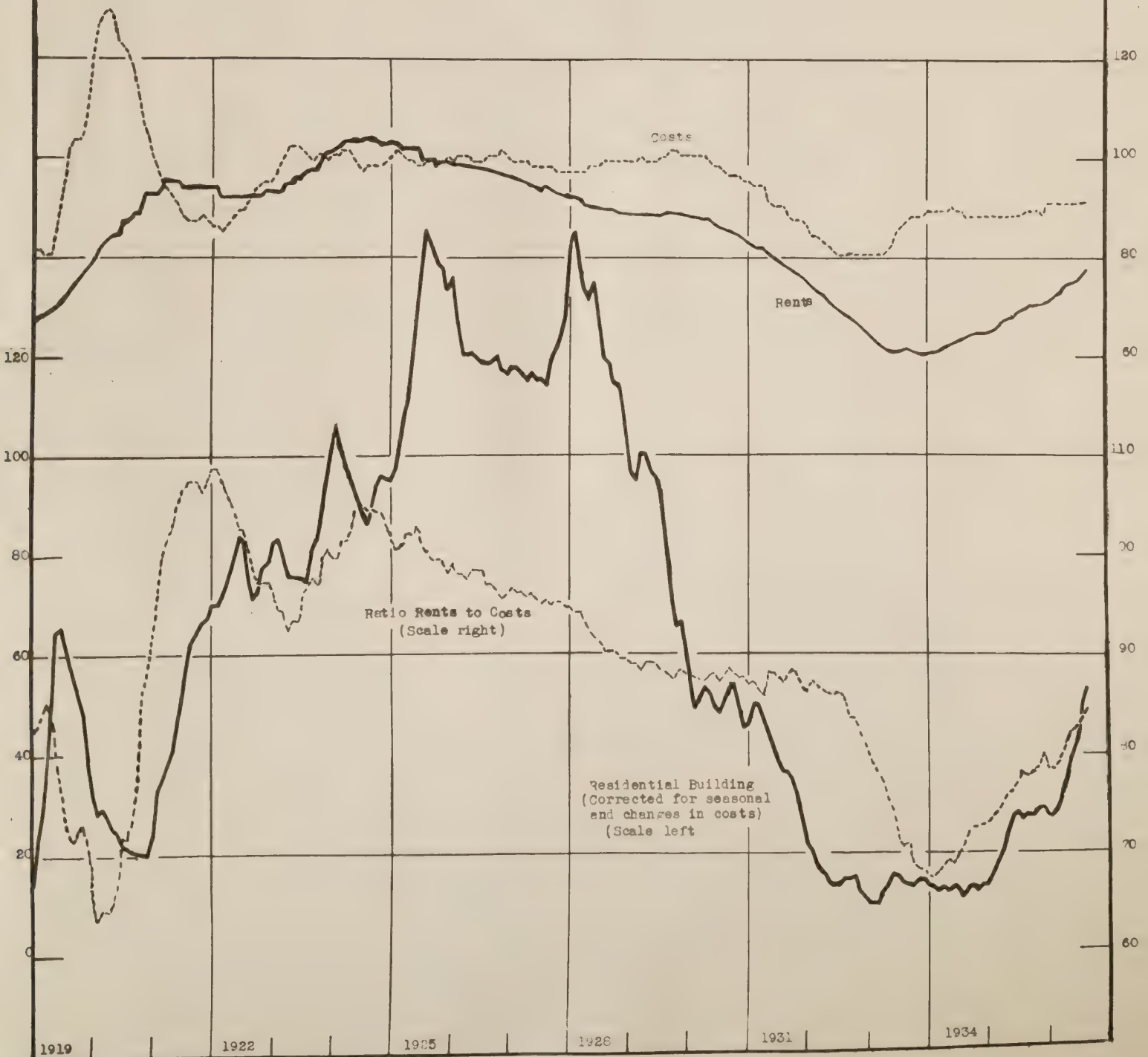
NEG. 28770 A A A



RESIDENTIAL BUILDING

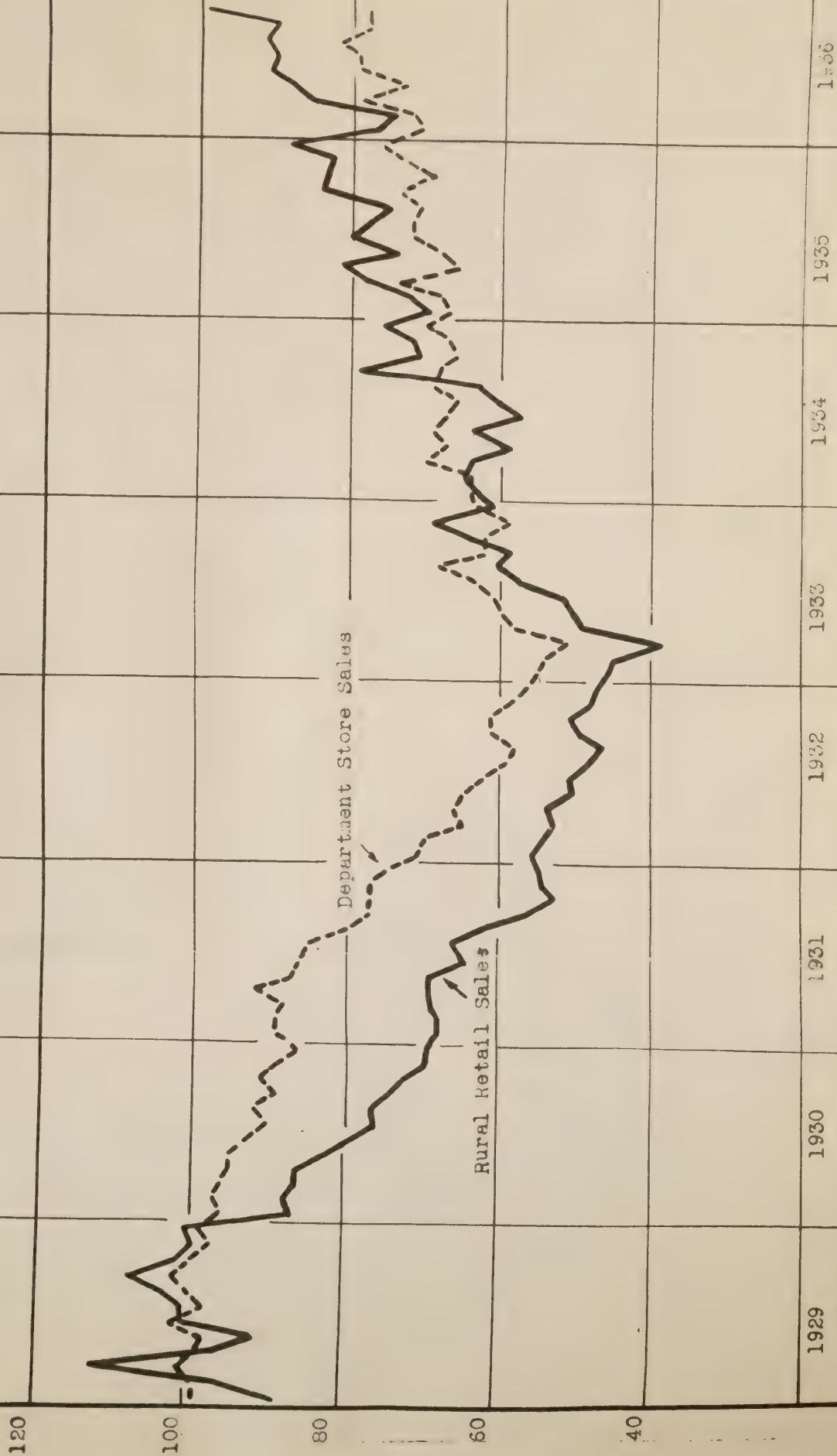
(Indexes of Volume, Costs and Rents)

1923-5 = 100





INDEXES OF RETAIL SALES  
Adjusted for Seasonal Variation.  
1929 = 100

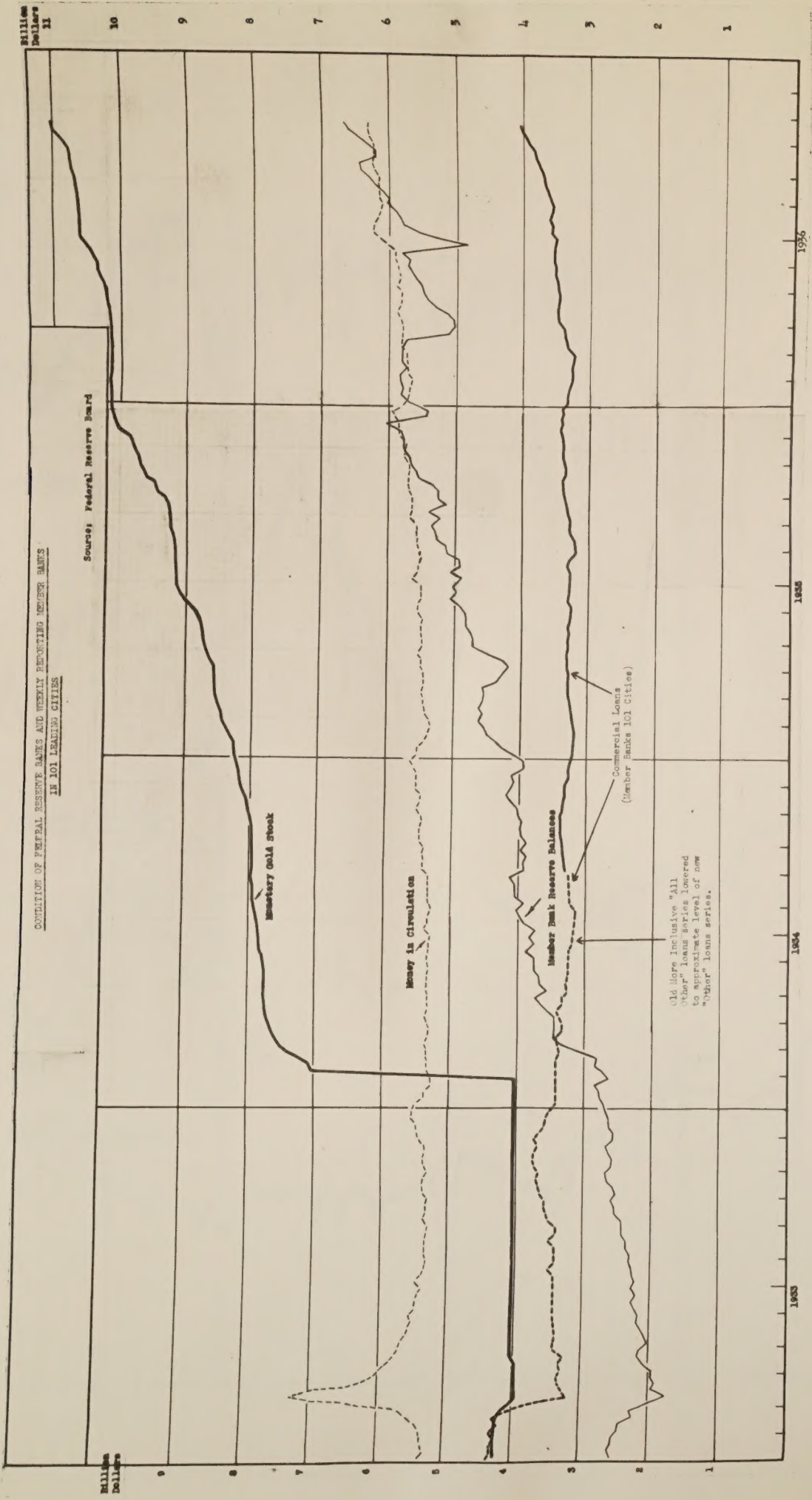




Billions  
Dollars  
11

CONDITION OF FEDERAL RESERVE BANKS AND WEEKLY REPORTING MEMBER BANKS  
IN 101 LEADING CITIES

Source: Federal Reserve Board



1933

1934

1935

1936

Billions  
Dollars

Monetary Gold Stock

Money in Circulation

Member Bank Reserve Balances

Commercial Loans  
(Member Banks 101 Cities)

Old Note Inclusive "All  
Other" loans series lowered  
to approximate level of new  
"Other" loans series.



# WEEKLY BUSINESS INDICATORS

